

**REMARKS/ARGUMENTS**

This Amendment is responsive to the Office Action mailed on February 25, 2009. In this Amendment, claims 1, 8, 15 and 45 are amended, claims 47 and 48 are added, and no claims are canceled, so that claims 1-22 and 44-48 are pending and subject to examination. Support for the new and amended claims can be found in the Application as originally filed. No new matter has been added.

**I. Claim Rejections under 35 U.S.C §103(a)**

In the pending Office Action, claims 1-22 and 44-46 are rejected under 35 U.S.C. §103(a) as being unpatentable over Powell (U.S. Patent No. 5,956,694) in view of Leonard et al. (U.S. Patent No. 5,903,874). This rejection is traversed.

**A. Independent Claims 1 and 8**

**1. *Obviousness has not been established, since Powell and Leonard et al. fail to teach or suggest each and every limitation in the claims.***

Powell and Leonard et al., alone or in combination, do not teach or suggest every limitation of independent claims 1 and 8. To establish *prima facie* obviousness of a claimed invention, all the claim limitations must be taught or suggested by the prior art. Powell and Leonard et al. fail to teach or suggest, *inter alia*, "wherein the holder indicates to the token acceptance device that the electronic coupon is to be redeemed and applied to the transaction" as recited in the independent claims 1 and 8. Support for this feature is found in paragraph [0030] on page 7 of the Application as originally filed. The Examiner relies on FIG. 15 of Powell for this limitation, and does not allege that Leonard et al. discloses this limitation.

Powell is directed to a system and method for distributing and processing discount coupons (see title and abstract) and automatically applying an electronic coupon to a transaction when a qualifying item is scanned at a checkout counter. The process in FIG. 15 of Powell is generally described at column 9, line 51 to column 10, line 9. In Powell, the process for

applying an electronic coupon starts with a customer inserting a customer card into an interface slot. The interface slot resets the customer card by applying a reset signal to the card. In response to the reset signal, the customer card sends a table of coupons to the checkout station and removes the table from the customer card so that the coupons cannot be redeemed again.

The table of coupons received from the customer card is stored in the memory of the checkout station that checks the table each time a new UPC is scanned to see if there are any applicable coupons to be applied. If a scanned product UPC corresponds to a coupon in the table, the checkout station subtracts the discount as determined by the discount data stored in the table. As described in Powell, the process of applying coupons on the customer card is completely automatic. The holder of the customer card has no control as to whether the coupon will be applied to particular item. The only control a cardholder has over the application of a coupon stored on the customer card is the cardholder's decision to purchase a corresponding product or to insert the customer card into the interface slot. Thus, Powell does not teach or suggest "wherein the holder indicates to the token acceptance device that the electronic coupon is to be redeemed and applied to the transaction," as recited in independent claims 1 and 8, and any claims dependent thereon.

**B. Independent Claims 1, 8, and 15**

1. *Obviousness has not been established, since the reason to combine Powell and Leonard et al. is found in Applicants' specification, and not the prior art as required by 35 U.S.C. 103.*

Obviousness has not been established, since the reason to combine Powell and Leonard et al. is found in Applicants' specification, and not the prior art as required by 35 U.S.C. 103. The teaching or suggestion to make the claimed combination and the reasonable expectation of success must both be found in the prior art, and must not be based on applicant's disclosure. *In re Vaeck*, 947 F.2d 488, 20 USPQ2d 1438 (Fed. Cir. 1991). MPEP 2142. The Office Action alleges that "it would have been obvious to a person of ordinary skill in the art at the time of Powell's invention to have included in the memory storage of Powell's smartcard coupon, a tally for the times that the coupon has been redeemed and updating the redemption

tally every time the coupon has been redeemed as taught by the file of Leonard et al., because such a modification would allow the portable token (smart card of Powell) to internally keep track in each smartcard of the times the coupon has been redeemed and therefore will provide versatility and portability.” The Examiner admits at page 3 of the Office Action that Powell does not teach the redemption tally feature and therefore Powell cannot teach this reasoning. Leonard et al. also fails to teach this feature, and the Examiner fails to indicate where this reasoning can be found in Leonard et al. Leonard et al. discloses what appears to be a telecommunications system for redeeming coupons. It clearly does not teach, or suggest, keeping track of a tally on a smartcard, let alone the specific reasoning for combining Powell and Leonard et al. While the prior art does not teach or suggest this reasoning, the present Application does teach or suggest this reasoning. For example, paragraph [0012] of the Application states:

The present invention as described herein provides a number of benefits and advantages. For example, merchants would benefit from the use of the present invention since rules enforcement can be automated and applied at the token level. This reduces transaction time and the burden on clerks. Furthermore, the risk of coupon rejection by the program sponsor due to illegal and/or repeated use of a specific reward can be mitigated.

Since the reason to combine Powell and Leonard et al. was taken from the present Application and not the prior art as required by 35 U.S.C. 103, obviousness has clearly not been established.

**2. *Obviousness has not been established, since modifying Powell in the manner suggested by the Examiner would render Powell unsatisfactory for its intended purpose.***

Obviousness has not been established, since modifying Powell in the manner suggested by the Examiner would render Powell unsatisfactory for its intended purpose. Powell not only does not teach or suggest a portable token configured to store a redemption tally as recited in the independent claims, but modifying the customer card of Powell with the file that tracks the number of times a coupon has been used (as allegedly described in Leonard et al.) would render the customer card in Powell unsatisfactory for its intended purpose. If [the] proposed modification would render the prior art invention being modified unsatisfactory for its

intended purpose, then there is no suggestion or motivation to make the proposed modification. *In re Gordon*, 733 F.2d 900, 221 USPQ 1125 (Fed. Cir. 1984). Storing a tally on the customer card of Powell would result in a card that stores coupons that can be used more than once. Such usage is contrary to the intended purpose of Powell, which is that all coupons on the customer card are to be erased each time the customer card is presented for redemption to prevent fraud and repeated use. In his description of FIG. 15, Powell states the following at column 9, line 60 to column 10, line 7:

CPU 950 causes card interface 925 to reset the card by applying a clock signal to card contact 8423. (If the card is a customer card, the card then answers the reset by sending a block of data, including identification to 8467 and authorization data 8468, through card contact 8472.) CPU 950 then receives the answer to reset from the card (step 2). CPU 950 then sends the data block containing a station type code indicating a checkout station (step 4). CPU 950 then receives the contents of table 8435 in EEPROM 8462 of the customer card, and temporarily stores these table contents in memory 920 of the checkout station (step 5). During step 10005, CPU 950 also causes customer card 295 to remove all entries from list 8435, so the electronic coupons in the list cannot be repeated again.

By completely removing all entries from the table of coupons stored on the customer card each time the customer card is inserted into an interface slot to prevent the coupons from being used more than once, Powell implies that no coupon on the customer card can be used more than once. Thus, modifying Powell in the manner proposed by the Examiner would frustrate the intended purpose of Powell, and Powell actually teaches away from the modification proposed by the Examiner.

3. *Neither Powell nor Leonard et al. teaches or suggests the limitation the “token acceptance device automatically resolves any redemption conflicts associated with a concurrent redemption of the electronic coupon and other coupons.”*

Applicants respectfully submit that the obviousness rejection is improper for the reasons provided above. However, to expedite prosecution, independent claims 1 and 8 are amended to recite “token acceptance device automatically resolves any redemption conflict

associated with the concurrent redemption of the electronic coupon and other coupons." Independent claim 15 recites a similar limitation. On page 5, the Office Action implicitly acknowledges that neither Powell nor Leonard teach such a limitation. The last paragraph on page 5 in the Office Action states in reference to claim 45:

Official Notice is taken that it is old and well known to resolve conflicts such as conflicts between coupons presented to be redeemed. For example, if a customer presents two coupons with the same serial number or SKU or UPC the system will determine if that particular serial number or SKU or UPC pertaining to that particular coupon has been previously redeemed. It would have been obvious to a person of ordinary skill in the art to use the same principle of checking the serial number, SKU and UPC data on paper coupons and electronic coupons in order to avoid fraud.

The Office Action makes no allegation that Powell or Leonard et al. teach the limitation of resolving conflicts between coupons, let alone the limitation wherein a "token acceptance device automatically resolves any redemption conflict associated with a concurrent redemption of the electronic coupon and other coupons," as recited in the currently amended claims. Therefore, it is clear that the Office Action does not consider Powell or Leonard et al. as teaching such a limitation and instead resorts to taking Office Notice of this limitation.

Pursuant to MPEP §2144.03, Applicants challenge the Examiner's taking of Official Notice in each and every instance that this is done in this Office Action and in future Office Actions. Applicants further requests that the Examiner find a prior art reference to support an allegation that a feature that is present in the claims is "well known." If such feature is in fact "well known" in the art, then it should not be too burdensome for the Examiner to find and cite such references. Even if the Examiner can find a reference teaching an element for which Office Notice is taken, the reference may not be combinable with the other cited references or may teach away from the combination. Thus, Applicants cannot determine if the Examiner has satisfied his burden of establishing obviousness, unless prior art is cited to meet the claim limitations.

**C. Dependent Claim 2-7, 9-14, 16-22 and 44-48**

Dependent claims 2-7, 9-14, 16-22 and 44-48 are allowable by virtue of depending from allowable subject matter discussed above and include additional patentable subject matter. For this reason, Applicants respectfully request that the rejection of these claim under §103 be withdrawn and the claims allowed.

**CONCLUSION**

In view of the foregoing, Applicants believe all claims now pending in this Application are in condition for allowance. If the Examiner believes a telephone conference would expedite prosecution of this application, please telephone the undersigned.

Respectfully submitted,



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